

Affordable Housing in Connecticut



Interagency Committee Meeting

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Department of Economic and
Community Development

Partnership for
Strong Communities



What is Affordable Housing?

- Statutory definitions differ, but “affordable housing” is generally understood as housing that costs a household not more than 30% of its income.
- Affordable housing can be rental or homeownership.
- Affordability can vary significantly depending on the income of the household and the local area median income (AMI).

2011-2012 Area Median Incomes (AMI)

County	Metropolitan Statistical Area	AMI
Fairfield County	Bridgeport	87,100
	Danbury	110,400
	Stamford-Norwalk	128,400
Hartford/Middlesex County	Hartford-West Hartford-East Hartford	87,700
	Southern Middlesex County	98,600
New Haven County (Milford)	Milford-Ansonia-Seymour	92,200
	New Haven-Meriden	84,900
	Waterbury	68,100
New London County	Colchester-Lebanon	100,100
	Norwich-New London	84,400
Litchfield County	NON METRO AREA	89,900
Windham County	NON METRO AREA	71,900

US HUD: Dec 2011

Diverse Affordable Housing Needs

- CT is diverse so its affordable housing needs are also diverse. Needs vary depending on:
 - income level
 - geography (urban v. rural v. suburban; but there's also variation within these categories)
 - age (elderly, households w/ school-age children, households w/ adults in the workforce)
 - need for support services in the vicinity

Affordable Housing & Economic Development

- Affordable housing and economic development are inextricably linked.
- Affordable housing needs are affected by how and where the economy grows but how and where the economy grows partly depends on the availability of affordable housing and whether existing affordable housing strengthens or weakens a community.
- Affordable housing creates economic growth (temporary and/or permanent jobs, tax revenues, etc.) but State funding for affordable housing requires a strong economy.

Who Needs Affordable Housing? (Part 1)

CT's Households by Income

INCOME AND BENEFITS (IN 2010 INFLATION-ADJUSTED DOLLARS)	Fairfield	Hartford	Litchfield	Middlesex	New Haven	New London	Tolland	Windham
Total households	329,091	351,483	76,398	66,333	329,595	106,808	54,345	44,756
Less than \$10,000	17,994	22,734	3,646	2,115	22,418	5,410	2,179	2,709
\$10,000 to \$14,999	14,081	16,661	2,546	2,196	16,186	3,926	1,530	2,642
\$15,000 to \$24,999	24,317	34,338	6,378	5,903	34,731	9,104	3,286	4,014
\$25,000 to \$34,999	24,282	29,680	6,866	5,490	29,442	8,554	3,517	3,306
\$35,000 to \$49,999	35,020	44,200	9,806	8,584	41,098	15,825	7,269	6,195
\$50,000 to \$74,999	49,059	62,161	13,804	10,487	56,909	20,344	9,141	9,047
\$75,000 to \$99,999	38,556	47,058	11,074	11,401	43,257	14,431	8,004	6,480
\$100,000 to \$149,999	52,596	50,093	14,200	11,767	48,725	16,168	11,805	6,831
\$150,000 to \$199,999	26,152	23,176	3,917	4,327	20,219	6,895	4,619	2,215
\$200,000 or more	47,034	21,382	4,161	4,063	16,610	6,151	2,995	1,317

Who Needs Affordable Housing (Part 2)

- A majority of the affordable housing is aimed at households w/ incomes below 80% of AMI
- Nearly 40% of CT households (approx. 540,000) had incomes below 80% of AMI
- About 10% of CT residents (approx. 350,000) live below the poverty limit (\$23,050 for a family of 4)

Who Needs Affordable Housing? (Part 3)

Demographic Trends & Other Factors:

CT's population is getting older ⁽¹⁾

- From 2005 to 2010, the population of CT residents under 45 has decreased by nearly 9%
- The number of residents under 25 has decreased by more than 15%
- The number of residents over 65 has increased by 8% and the number of residents between ages 45 and 64 has increased by 11%

Younger workers are unemployed or underemployed at a higher rate than any other age group ⁽²⁾

- In 2010, 18% of workers ages 16 to 25 were unemployed and 31% were underemployed

More than half of CT renters are under 45 ⁽¹⁾

The average age of a CHFA first time homebuyer is 35 ⁽³⁾

Business leaders always cite housing costs as an impediment to attracting and retaining workers

High college debt, insufficient retirement savings, high costs of energy and fuel, and growing economic disparity

(1) Source: U.S. Census, 2010

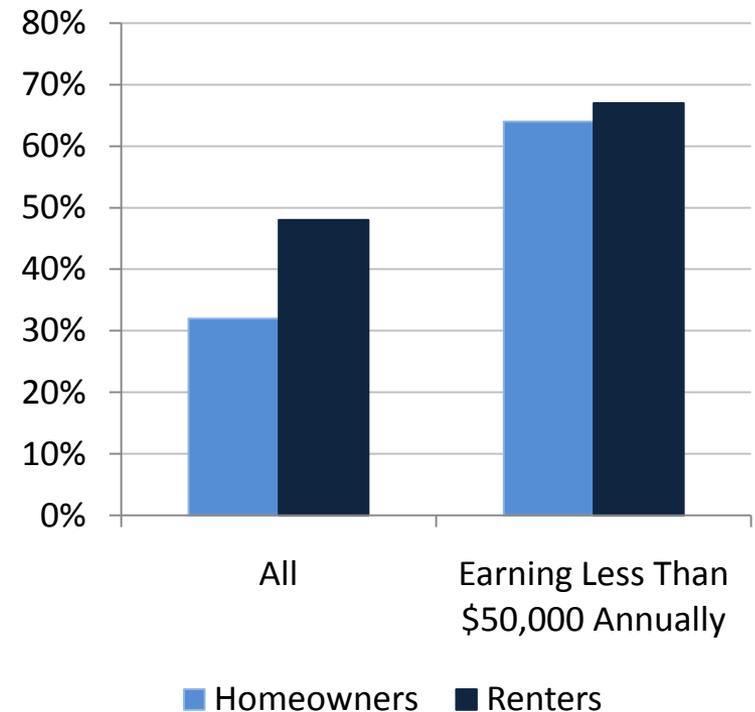
(2) Source: CT Department of Labor

(3) Source: CHFA

Out of Reach: CT Rental Housing Isn't Affordable

- CT renters continue to struggle with high housing costs:
 - 51% of renters pay over 30% of their income on housing
 - 27% (119,000 households) are severely burdened by their housing costs, spending over 50% of their income on housing
 - Among renters who earn less than \$50,000 annually, 67% pay more than 30% of their income for housing costs (4)

Percent of Households Paying More than 30% of Income for Housing



Out of Reach: CT Rental Housing Isn't Affordable

- CT's "housing wage" – the wage needed to afford the rent for a typical 2BR apartment – was the 6th highest in the nation.
- CT's housing wage of \$23.37/hour equates to nearly \$49,000 annually, an average wage level that nearly half the state's occupations fail to reach ⁽⁵⁾
- A household earning less than 80% of AMI would not be able to afford a 2-bedroom fair market rent in CT without paying more than 30% of its income for housing ⁽⁶⁾

An Affordable Rental Housing Resource: The State-Sponsored Housing Portfolio (9/30/2011)

- CT is one of only 4 states with state-financed housing (the State-sponsored housing portfolio).
- These units are among the few housing options for CT's lowest income residents.
- The first state-financed units were occupied in 1948 and are nearing the end of their useful life.
- These properties are managed primarily by local housing authorities with limited resources.

Family Type	Total No. of Properties	No. of Units	Occupancy & Profile			Vacant Units	No. of Households on Waiting List
			*Occupied Units	No. of Residents	No. of Children		
Elderly	209	7,683	7,073	7,638	7	320	4,767
Family	121	6,267	4,383	11,756	5,349	1,093	4,260
TOTAL	330	13,950	11,456	19,394	5,356	1,413	9,027
Source: 8-37bb Legislative Report							

Notes: * Data reflects a reporting rate of 97% for Elderly and 75% for Family Properties

CHFA-Financed Portfolio (9/30/2011)

			Occupancy & Profile					
Family Type	Total No. of Properties	No. of Units	Occupied Units	No. of Residents	No. of Children	Vacant Units	No. of Households on Waiting List	
Assisted Living	4	226	215	221	0	11	64	
Elderly	99	9,246	8,994	10,270	238	252	5,035	
Family	120	9,798	8,805	18,341	6,245	993	5,099	
Supportive Housing	38	1,018	921	1,438	390	97	1,803	
TOTAL	261	20,288	18,935	30,270	6,873	1,353	12,001	
Source: 8-37bb Legislative Report								
Occupancy: 12 Developments did not report								
Waiting List: 19 Developments did not report								

State Sponsored Portfolio Owner-Reported Capital Needs as of 2010*

Family Type	Elderly	Family	Total
Total # of Prop.	204	76	280
Total # of Units	7,496	4,325	11,821
Capital Needs Survey:			
Total # of Prop. Reporting	152	52	204
Total # units reporting	5,676	3,320	8,996
Deferred Needs	23,332,460	35,952,381	59,284,841
Rehab Needs	24,107,713	23,237,898	47,345,611
Sub Rehab Needs	8,173,908	11,676,565	19,850,473
Revitalization	26,882,518	12,221,350	39,103,868
Total Capital Needs	82,496,599	83,088,194	165,584,793

*Adjusted 08/09/2012 for properties which have received funding subsequent to survey.

Data is aged and needs to be updated. Properties may have received other funding to address or have increased needs.

Revitalization figures were not reported by most of the Moderate Rentals where costs will be significant.

Note-report does not include Limited Equity Co-ops, Homeless Housing or Moderate Rental Developers (MRD)

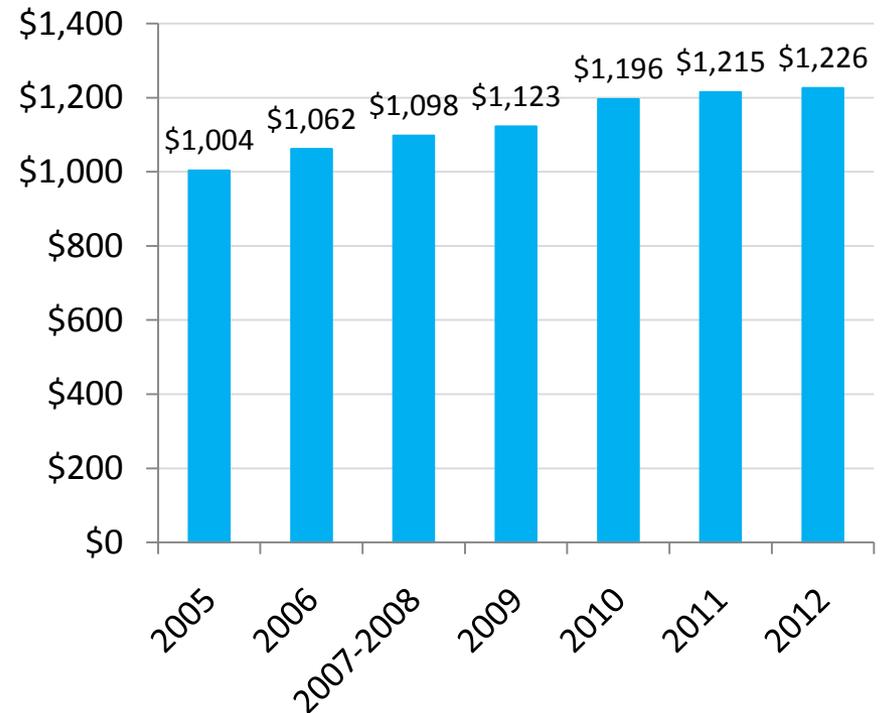
Out of Reach: CT Homeownership Isn't Affordable

- Homeownership remains difficult for many because of declining incomes and stringent mortgage standards and housing prices that are high compared to other states
- Single family homes < \$200,000 fell from 65.2% in 2000 to 23.1% in 2011
- CT's 2010 median household income could not qualify to purchase a home in 112 of CT's 169 cities and towns. The town median income was too low to qualify for the typical home mortgage loan in 96 of the state's towns in 2010
- CT has the 8th highest ownership costs in the nation

Demand for Affordable Rental Housing is Growing

- Nearly a third of households in CT are renter-occupied ⁽⁷⁾
 - The percentage of renter households has **increased** from 30% in 2005 to 32% in 2010
- Fair Market Rents in CT have increased steadily over the past years ⁽⁸⁾
- There are currently more than 21,000 households on wait lists for rental housing in CHFA or in State-Sponsored properties (a 15.6% increase since 2009) ⁽⁹⁾
- There are an approximately 29,000 additional households on waiting lists for other housing subsidies
- Current projections are that another 3,400 of net new supportive housing units will be needed through 2016

2-Bedroom Fair Market Rent (FMR)



CT Isn't Producing Enough Housing

Net Production Need for 2015 by County							
County		2000-2015 Estimated Housing Supply Requirements for Resident Population			Average Annual Production Potential 2006-2015		
		Employment-Driven: CtDOL Projections (A)	Employment-Driven: REMI Projections (B)	Population-Driven: CT State Data Center Projections (C)			
		(A)	(B)	(C)			
Fairfield	Owner	13,621	16,997	21,384	1,513	1,889	2,376
	Renter	5,059	6,472	8,308	562	719	923
	Total	18,681	23,469	29,692	2,076	2,608	3,299
Hartford	Owner	17,386	14,086	6,719	1,932	1,565	747
	Renter	5,247	3,566	-188	583	396	-21
	Total	22,633	17,652	6,532	2,515	1,961	726
Litchfield	Owner	1,020	380	4,014	113	42	446
	Renter	11	-182	913	1	-20	101
	Total	1,031	198	4,928	115	22	548
Middlesex	Owner	1,400	1,376	3,403	156	153	378
	Renter	800	791	1,533	89	88	170
	Total	2,200	2,168	4,936	244	241	548
New Haven	Owner	14,363	15,487	10,416	1,596	1,721	1,157
	Renter	4,948	5,562	2,790	550	618	310
	Total	19,311	21,049	13,206	2,146	2,339	1,467
New London	Owner	6,742	5,860	3,241	749	651	360
	Renter	2,331	1,936	766	259	215	85
	Total	9,072	7,796	4,007	1,008	866	445
Tolland	Owner	1,417	1,115	1,922	157	124	214
	Renter	516	418	680	57	46	76
	Total	1,933	1,534	2,602	215	170	289
Windham	Owner	411	680	1,084	46	76	120
	Renter	621	734	902	69	82	100
	Total	1,032	1,414	1,986	115	157	221

Source: CT Housing Supply and Demand Model

Permitted Housing Units, 2011

Number of Housing Units Permitted							
Permit-issuing Places	Total Units	1 Unit	2 Unit	3 and 4 Units	5 Units or More	Demolitions	Net Gain
Connecticut	3,173	2,162	86	162	763	1,148	2,025
Fairfield	937	583	16	18	320	398	539
Hartford	600	476	6	8	110	347	253
Litchfield	111	111	0	0	0	18	93
Middlesex	190	172	6	12	0	74	116
New Haven	689	422	36	96	135	186	503
New London	209	195	10	4	0	54	155
Tolland	333	111	6	24	192	38	295
Windham	104	92	6	0	6	33	71
Source: Census							
Compiled by DECD Research							

CT is 47th in the nation in units built per capita since 2000.

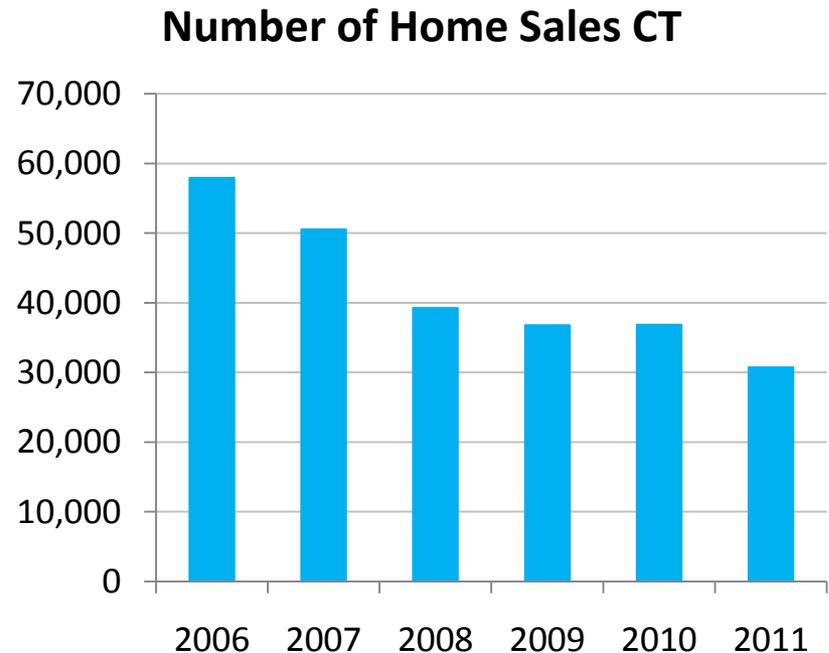
Building Unaffordable Homes

The housing stock in CT does not meet the need of the low and moderate income homebuyer

- For every 22 low and moderate income renters in CT, there is only one house for sale priced at \$160,000 or below (CHFA's median home price)
- According to the U.S. Census there are about 66,000 renters with incomes between \$50,000 and \$75,000 annually (CHFA's median income of a first time homebuyer is \$63,000)
- Of the 25,000+ homes listed for sale in CT in July 2012 on the Multiple Listing Service
 - 12% (approx. 3,000) were listed at \$160,000 or below
 - Of these affordable homes, only about 4% (112) were built after 1990

Homeownership in Connecticut

- Nearly 7 out of 10 CT households own their homes
 - Between 2005 and 2010, the number of homeowners in CT **decreased** from 70% to 68% ⁽¹⁰⁾
- The number of homes sold in CT decreased significantly since 2006 ⁽¹¹⁾
- More than a third (37%) of homeowners in CT pay more than 30% of their incomes for housing costs ⁽¹⁰⁾



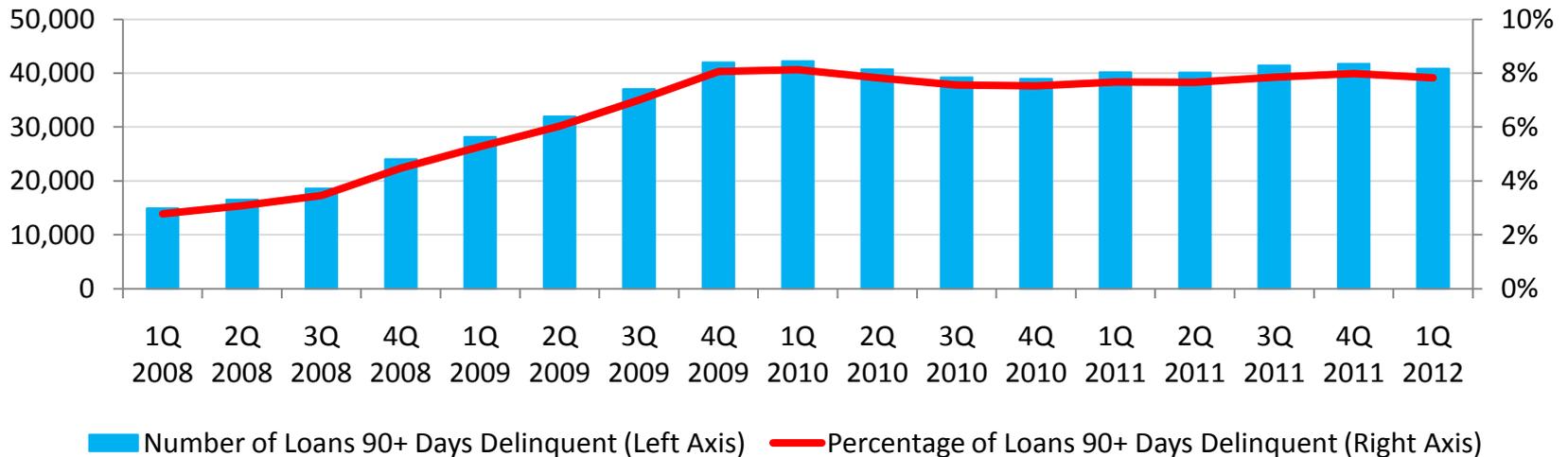
Homeownership Intentions: Demand for Homeownership Remains Strong

- According to generational chroniclers Morley Winograd and Mike Hais, 84% of young renters intend to buy homes ⁽¹²⁾
- According to Fannie Mae, housing attitudes are a stronger driver of renters' intentions to own a home than demographics or financial attitudes ⁽¹³⁾

Foreclosures in Connecticut

- Foreclosure and delinquency continues to be a problem in CT with about 40,000 loans (7.83% of all loans) 90 or more days delinquent or in foreclosure
- The high number of foreclosures create greater demand for rental housing as families need places to stay after losing their homes
- High numbers of foreclosures also negatively affect home prices

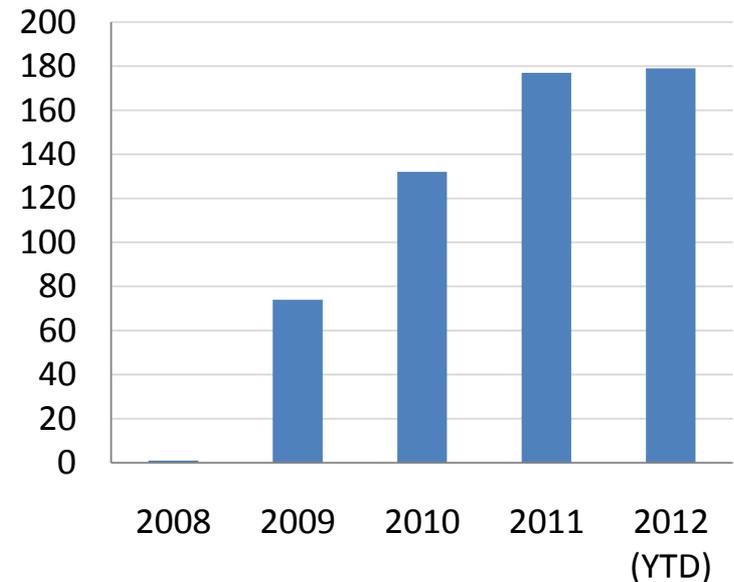
Number and Percentage of Loans 90+ Days Delinquent or In Foreclosure in Connecticut



Demand for Foreclosure Programs

- State commitment for foreclosure programs is strong -- \$60 million added to CT's Emergency Mortgage Assistance Program (EMAP) program in 2012
- Since 2008, CHFA has closed 563 State EMAP loans providing over \$38 million in assistance
- In 2011, CHFA administered the Federal Emergency Homeowner's Loan Program (FEHLP) and provided 964 loans with over \$33 million in assistance
- CHFA administers the CTFAMILIES program and since 2008 has refinanced 197 loans for a total loan amount of over \$37 million

Number of EMAP Loans
2008 to 8/13/2012



Ending Homelessness Goals

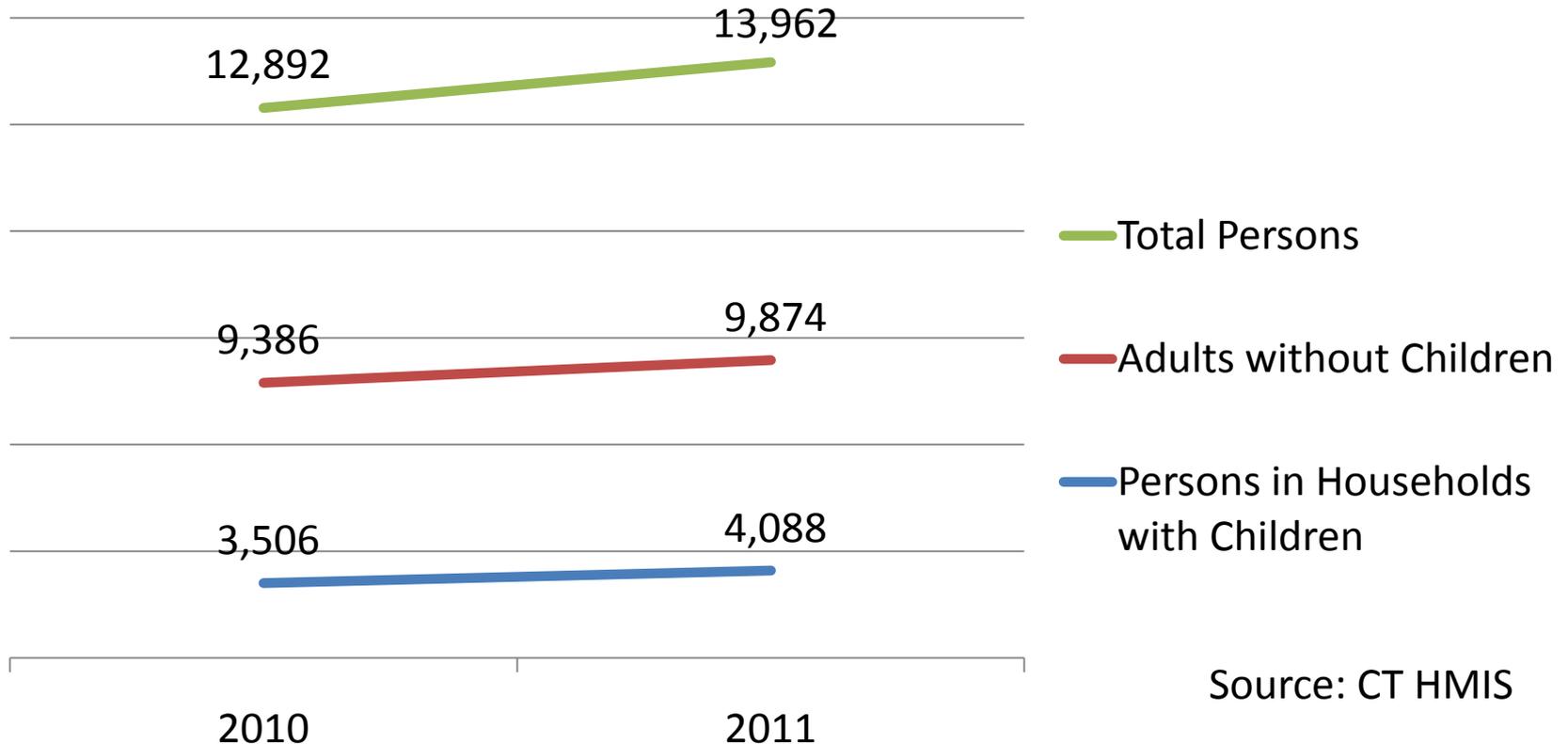
- Finish the job of ending **chronic homelessness** within 5 years
- Prevent and end homelessness among **Veterans** within 5 years
- Prevent and end homelessness among **families, youth and children** within 10 years
- Set a path for ending all types of homelessness

Year 1 = 2012

Ending Homeless:

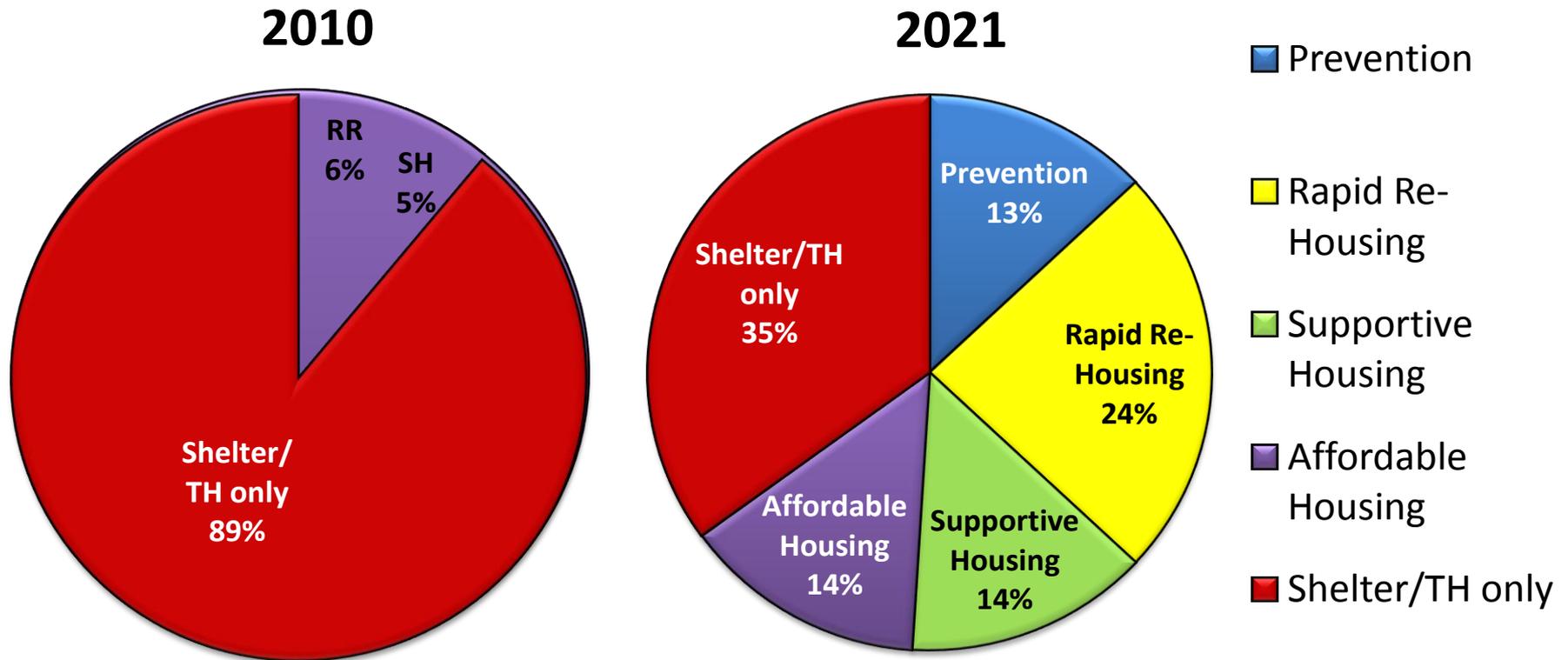
Annual Usage of Shelters & Transitional Housing

On any given day, approximately 3,800 men, women and children stay in emergency shelters and transitional housing in CT.



Source: CT HMIS

Changing Strategies to Get to Zero - Families



Average Annual Housing Assistance Targets 2012-2016

Families with Children

Estimate as of 6/2012 based on current available data; numbers are averages over the 5 year period.

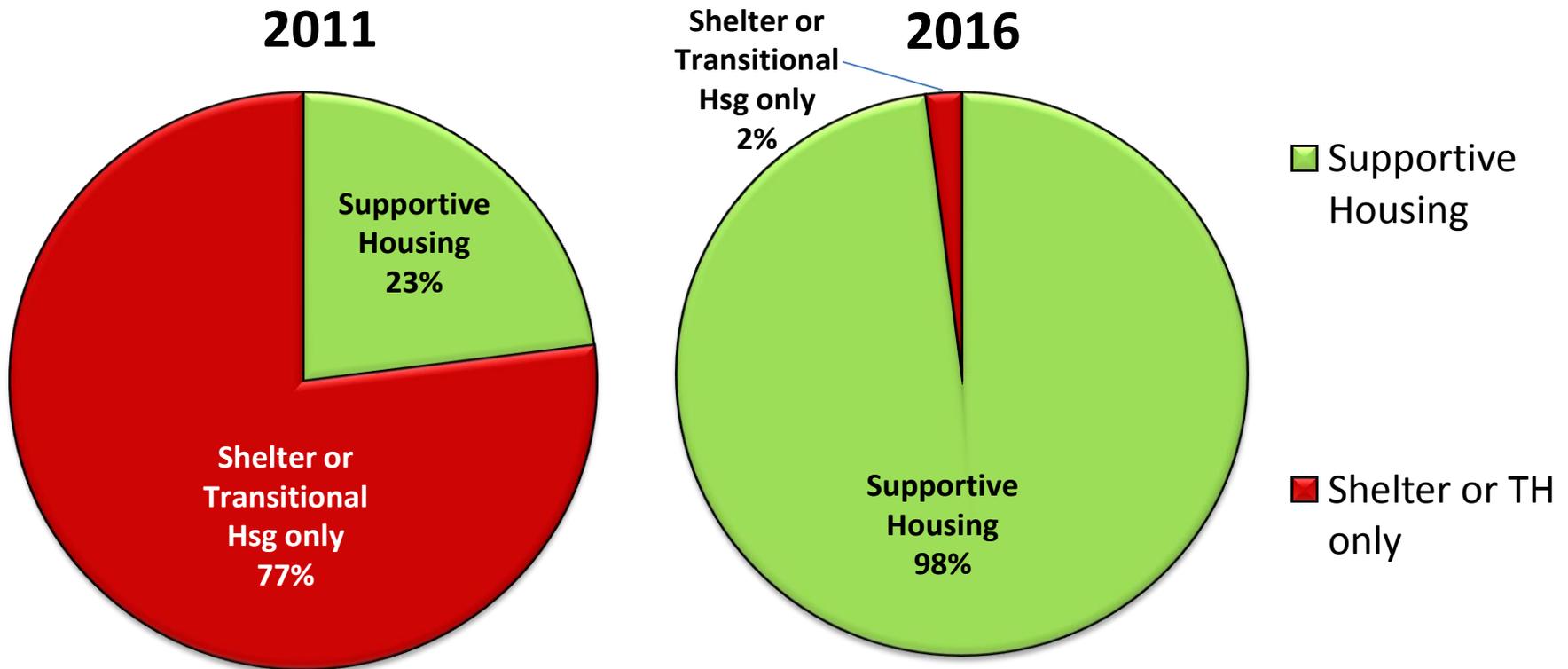
Prevention Strategies	105 at-risk Families per year
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Rapid Re-Housing	185 homeless Families per year
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Deeply Affordable Housing	70 homeless Families per year
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New Permanent Supportive Housing	40 homeless and chronically homeless Families per year
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Changing Strategies to Get to Zero Chronically Homeless Adults



Average Annual Housing Assistance Targets 2012-2016

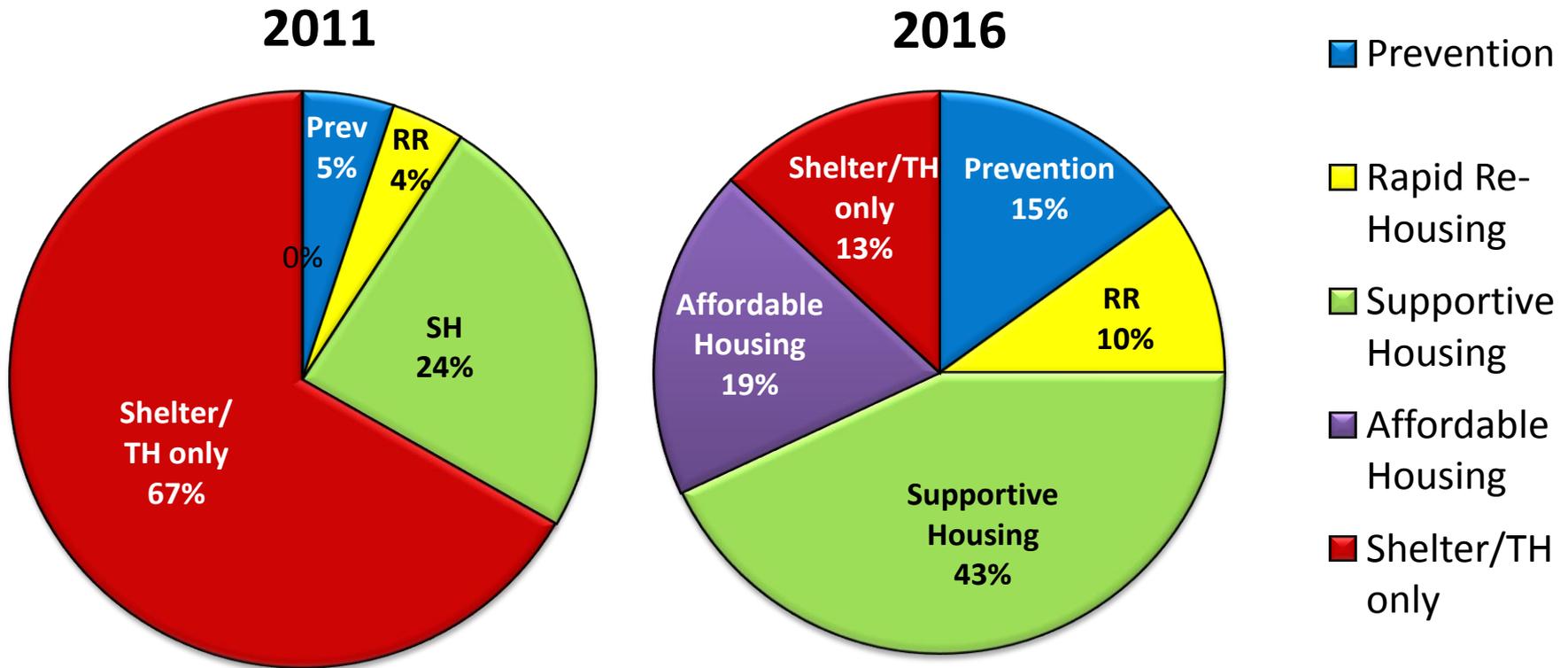
Chronically Homeless Adults

Estimate as of 6/2012 based on current available data; numbers are averages over the 5 year period.

New Permanent Supportive
Housing

195 Chronically Homeless Adults per year

Changing Strategies to Get to Zero Veterans



Average Annual Housing Assistance Targets 2012-2016 Veterans

*Estimate as of 6/2012 based on current data; numbers are averages over the 5 year period.
Overlaps with Chronic Homeless and Families tables.*

Prevention Strategies	50 at-risk Veteran households per year
Rapid Re-Housing	35 homeless Veteran households per year
Deeply Affordable Housing	65 homeless Veteran households per year
New Permanent Supportive Housing	45 homeless Veteran households per year

Estimated Needs for Housing Assistance

2012-2016 (updated 8/2/12)

Estimated needs for housing assistance, by type, among targeted households who will experience homelessness (unless prevented)	Families with Children	Chronically Homeless Adults without Children	Other Homeless Adults^ (Vets + prevention of chronic homelessness)	Total Targeted Households	Total Veterans^^ (included w/in other columns)	Total Unaccompanied Youth^^^ (included w/in other columns)
Prevention Strategies*	520	0	240	760	250	TBD
Rapid Re-Housing*	920	0	160	1,080	170	TBD
Deeply Affordable Housing**	360	0	310	670	330	TBD
Permanent Supportive Housing	590	1,770	3,410	5,770	610	TBD
Estimated need that could be met through turnover of existing supportive housing units	<i>(400)</i>	<i>(800)</i>	<i>(1,230)</i>	<i>(2,420)</i>	<i>(380)</i>	
Need for New Supportive Housing	190	970	2,180	3,340	230	TBD
Estimated Total Target Households Needing Housing Assistance 2012-2016	2,390	1,770	4,120	8,280	1,360	TBD
Estimated Persons in these households 8/14/2012	6,840	1,770	4,120	12,730	1,480	TBD

CT's Affordable Housing Needs

The need for affordable housing in CT is not just the need for units but for housing that “works,” in each case for the target resident population and the surrounding community.

This means housing that's accessible (walkable or close to transit) to employment opportunities, support services, schools with the necessary resources and/or recreational opportunities, depending on the circumstances.

Need is only a piece of the puzzle.

We also need to assess the sufficiency of existing resources and the effectiveness of new and existing strategies and ultimately what priorities should determine the allocation of limited resources to meet CT's affordable housing needs.